



April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of Susquehanna Communications, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. I operate an independent cable company that predominately serves customers in smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent situation. Broadcasters, including those in my markets, have made it clear that they will demand cash for carriage of their off-air stations, confident in the fact that we have no other recourse today for obtaining their network programming for our customers. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

Company background

Susquehanna Communications is a family-owned company, based in York, PA, which began providing cable service to the York area back in 1965. Today we operate eleven headends serving a total of 235,000 customers in nine markets in six states. A majority of our service areas are outside the top 40 largest DMAs. Our headends range in size from 88,000 customers down to 57 customers.

Despite our size, we have invested in upgrading all of our systems, bringing digital cable, high-speed broadband Internet service and, now, even local telephone service to our customers. Delivering for the first time the types of service and competitive alternatives to which we believe they deserve. DBS competition has been a strong competitor in our markets, taking customers, limiting future video customer growth potential, and making it difficult to increase prices. At the same time, programming costs have increased far ahead of inflation. I estimate that programming costs have increased by more than 8% per year for the last five years.

The broadcasters' demands for cash payments present a major problem. Because our margins are already stretched thin, we will have to pass through any additional costs onto our customers to some extent. Customers invariably target their frustration at us. Some will drop our service. Those that do not will see an increase in their monthly price for the same programming they enjoy now.

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction negotiated in good faith, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters are seeking a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem could easily cost consumers and smaller cable operators upwards of \$1 billion next year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We currently provide hundreds of hours of local programming on our cable systems each month. We understand the importance of local programming and actively support community-based programming efforts, but we also understand that there is a limit to how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often, the owners are based in corporate headquarters hundreds or thousands of miles away from our communities. Frankly, they don't care about localism. They just want our customers' money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get

a “price” that fairly reflects the value of the signal. Please act on ACA’s Petition as soon as you can.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Munchel", with a stylized, cursive script.

James D. Munchel
President & Chief Operating Officer